

Message Text

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FM AMEMBASSY LISBON

TO SECSTATE WASHDC 9224

C O N F I D E N T I A L LISBON 0815

E.O. 11652: GDS

TAGS: TECH PFOR PO US

SUBJ: AZORES BASE NEGOTIATIONS AND US-PORTUGAL

ATOMIC ENERGY AGREEMENT

REF: (A) LISBON 0407; (B) STATE 024499; (C) LISBON 0660

SUMMARY: EMBASSY RECOMMENDS THAT DEPARTMENT AND AEC
COME TO EARLY DECISION ON PORTUGUESE PROPOSAL FOR
DRAFT ATOMIC ENERGY AGREEMENT AND THAT DECISION
BE CONSIDERED AS PART OF AZORES BASE NEGOTIATIONS.
END SUMMARY.

1. EMBASSY PROPOSES THAT US DECIDE TO MAKE EXCEPTION
FOR PORTUGAL IN CURRENT ATOMIC ENERGY NEGOTIATIONS,
AND AGREE TO PORTUGUESE PROPOSAL, THUS ASSURING PORTUGUESE
ACCESS TO NUCLEAR FUEL SHOULD IAEA SAFEGUARDS TERMINATE
FOR ANY REASON. BACKGROUND: STANDARD US DRAFT ATOMIC
ENERGY AGREEMENT (ARTICLE XII, PARA C) ALLOWS FOR TERMI-
NATION OF ACCORD--AND CUTOFF OF NUCLEAR FUEL SUPPLIES
FROM US--IN EVENT THAT CONTROLS SET UP BY IAEA WERE
TERMINATED. EMBATTLED ON ALL UN FRONTS, PORTUGAL FEARS
THAT EXPULSION FROM IAEA (WHICH NOT NOW ON HORIZON) WOULD END
GOP NUCLEAR ENERGY PROGRAM. ENERGY SHORTAGE IS SERIOUS
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IN RESOURCE-SHY PORTUGAL, AND GOP IS GIVING CAREFUL

ATTENTION TO ENERGY POLICY. HYDROELECTRIC POTENTIAL OF THE COUNTRY IS ALMOST FULLY EXPLOITED ALREADY; MIDEAST PETROLEUM IS OF QUESTIONABLE RELIABILITY IN LONG TERM; AND PETROLEUM FROM PORTUGUESE AFRICAN TERRITORIES IS ALSO NOT A SURE BET, AS FUTURE OF THOSE TERRITORIES IS UNCERTAIN. GOP LOOKING TO NUCLEAR ENERGY AS RELIABLE SOURCE FOR PORTUGAL IN 1980S AND BEYOND.

2. IN AZORES NEGOTIATIONS, GOP HAS SAID UNOFFICIALLY IT SEEKS PROTECTION AGAINST SITUATIONS WHICH MIGHT INVOLVE IT IN UNDESIRABLE EMERGENCIES. ENERGY IS JUST SUCH AN EMERGENCY. VICE PRESIDENT OF NUCLEAR ENERGY BOARD HAS ALREADY LINKED BASE NEGOTIATIONS AND ATOMIC ENERGY AGREEMENT IN HIW OWN MIND, AND NATIONAL ASSEMBLY DEPUTY RECENTLY TOLD EMBOFF THAT PM CAETANO PERSONALLY INTERESTED IN NUCLEAR ENERGY PROGRAM.

3. US CONCESSION IN NEGOTIATION OF ATOMIC ENERGY AGREEMENT WITH PORTUGAL WOULD BE REGARDED BY GOP AS IMPORTANT, AND SHOULD BE INCLUDED AS PART OF US COMPENSATION PACKAGE IN WHATEVER FINAL AGREEMENT IS ARRIVED AT. USG-GOP EXCHANGES TO DATE WILL LEAD GOP TO CONCLUSION THAT ACCEPTANCE OF PORTUGUESE PROPOSAL WOULD BE MAJOR CONCESSION BY US.

4. WE UNDERSTAND THAT IF THE SIGNING OF THE ATOMIC ENERGY AGREEMENT IS PUT OFF BEYOND JUNE 30, GOP WILL NOT BE ABLE TO OBTAIN NUCLEAR FUEL TO MEET CURRENT PLANS FOR NUCLEAR POWER PLANT TO COME ON STREAM IN 1981-82. ACCORDINGLY, WE RECOMMEND THAT EARLY DECISION BE MADE AT POLICY LEVEL IN WASHINGTON TO CONCEDE THIS POINT TO PORTUGUESE, MAKING IT CLEAR THAT STEP IS EING TAKEN IN CONTEXT OF ONGOING AZORES NEGOTIATIONS.
SCOTT

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